

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on January 10, 2003
at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Sen. Bea McCarthy (D)

Members Excused: Rep. Rosalie (Rosie) Buzzas (D) Arrived at 8:25.
Rep. Dave Lewis (R) Arrived at 9:00 am.

Members Absent: None

Staff Present: Mark Bruno, OBPP
Amy Carlson, OBPP
Diana Williams, Committee Secretary
Lynn Zanto, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed. All
tape counter notations refer to the material
immediately preceding.

Committee Business Summary:

Informal Meeting: Board of Public Education

Executive Action: Montana Arts Council and
Montana State Library

MEETING WITH THE BOARD OF PUBLIC EDUCATION

The public meeting was an informal discussion on education. Members present from the Board of Education are as follows:

Kirk Miller	(Chairman)
Diane Fladmo	(Vice Chairman)
Storrs Bishop	(from Ennis)
Joyce Silverthorne	(from Dixon)
John Fuller	(from Kalispell)
Randy Morris	(from Butte)
Patty Myers	(from Great Falls)
Derek Duncan	(Student Rep)
Steve Meloy	(Executive Secretary)

The purpose of the meeting was to have dialog between the committee and the board from a philosophical point of view of how they could help each other.

Kirk Miller, Chairman of the Board of Public Education, explained that the Board has taken a proactive position in respect to the many complex issues that are facing education in Montana, including funding. The board would like to find viable long-term solutions to these problems. By working collectively and collaboratively with the educational partners as well as the legislature, a fair and sustainable system could be worked out that would set direction for public education. **Derek Duncan, Student Rep.,** made the point that in order to achieve that goal, all parties would have to set aside partisanship and vested interests. The board also believed that in order to set direction for public education which would successfully serve Montana's present and future, a holistic and multifaceted long-term approach to these issues would have to occur.

More specific problems addressed were the funding mechanism (the board would like to see an easier formula), long range planning, and personal development for the teachers. The board also addressed The No Child Left Behind Act. Implementing this Act will be a challenge. The subcommittee wanted to know what could be done with the funding mechanism associated with small school districts as well as the teacher/student ratio.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 30}
{Tape: 1; Side: B; Approx. Time Counter: 0 - 30}
{Tape: 2; Side: A; Approx. Time Counter: 0 - 30}

Prior to the executive action for the Montana Arts Council (MAC), a bridge document, Exhibit 1, was handed out that had an incorrect value. The corrected document for the executive action on MAC is Exhibit 2, with the date 1/10/03 written at the top of the page.

EXHIBIT(jeh05a01)

EXHIBIT(jeh05a02)

[Ms. Carlson was only in attendance for the meeting with the Board of Public Education.]

EXECUTIVE ACTION ON MONTANA ARTS COUNCIL

Lynn Zanto, Legislative Fiscal Division (LFD), presented the corrected version of the bridge document that ties the executive budget to the new legislative base. The corrected values (the differences from executive budget) are in the middle of the page and are about \$20,000 each year. This is Exhibit 2.

Ms. Zanto produced "Standard Motions" which gives examples of how the motions could be stated for this legislative session.

EXHIBIT(jeh05a03)

The committee discussed how to proceed with executive action as well as to get some clarification on Exhibit 2.

{Tape: 2; Side: B; Approx. Time Counter: 0.1 - 7.9}

Motion: REP. LEWIS moved to ADOPT THE FISCAL 2002 BASE FOR ALL FUNDING EXCEPT THE GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUIRED FOR ALL FUNDS.

Discussion:

Ms. Zanto explained page E-53 of the Legislative Budget Analysis 2005 Biennium.

Vote: Motion carried 6-1 with SEN. McCARTHY voting no by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 8.0 - 10.7}

Ms. Zanto explained page E-58 of the Legislative Budget Analysis 2005.

The committee wanted clarification on this Decision Package.

Motion/Vote: REP. LEWIS moved to ADOPT DP 1 (RENT INCREASE) FOR FUNDS OTHER THAN GENERAL FUNDS. Motion carried 4-3 with REPS. BUZZAS, FRANKLIN and SEN. MCCARTHY voting no by voice and hand vote.

{Tape: 2; Side: B; Approx. Time Counter: 10.8 - 15.0}

Motion/Vote: SEN. JOHNSON moved that DP 2, THE ADMINISTRATIVE COST ADJUSTMENT, BE ADOPTED EXCEPT FOR THE \$1,304 IN THE GENERAL FUND IN THE FIRST YEAR WITH NOTHING IN THE SECOND YEAR. Motion carried 4-3 with REPS. BUZZAS, FRANKLIN, and SEN. MCCARTHY voting no by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 15.1 - 17.4}

Ms. Zanto explained DP 3, which is asking for the authority to spend the federal funds (the Federal Special portion of DP 3 in the table on page E-58 of the Legislative Budget Analysis 2005.)

Motion/Vote: SEN. JOHNSON moved that DP 3 BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 17.5 - 18.4}

Discussion:

Ms. Zanto explained DP 7000 on page E-58 of the Legislative Budget Analysis 2005. If adopted, this specifies the money will be applied to the Arts Program.

{Tape: 2; Side: B; Approx. Time Counter: 18.5 - 20.5}

Motion: REP. LEWIS moved that DP 7000 BE ADOPTED.

Discussion:

SEN. MCCARTHY asked if DP 7000, DP 7002, and DP 7003 could be combined. It was agreed that they could be considered one executive action. REP. LEWIS withdrew original motion.

{Tape: 2; Side: B; Approx. Time Counter: 20.6 - 23.2}

Substitute Motion: REP. LEWIS moved that DP 7000, DP 7002, DP 7003 BE ADOPTED (to offset the unallocated amount of the reduction to get to the new lower base).

Discussion:

REP. LEWIS said that the intent of this is: if this motion passed, another motion would be put to the floor that would fund these programs through the bed tax.

REP. BUZZAS said that the essence of this is, if this motion would pass, these programs won't be funded through the general fund. A different motion would allow these programs to be funded through the bed tax.

REP. FRANKLIN said she supports the bed tax stream, but would like assurance that the money would be there before taking it out of the general fund.

REP. JOHNSON said that the revenue of the bed tax will most likely be there.

Vote: Motion carried 6-1 with SEN. McCARTHY voting no by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 23.3 - 28.7}

Motion: REP. LEWIS moved that THE GENERAL FUND PORTION OF DP 1 AND DP 2 BE APPROVED (to offset the unallocated amount of the reduction to get to the new lower base).

Discussion:

The committee wanted clarification as to what this motion will do. If adopted, the rent and administrative costs adjustments will be taken from the general fund.

{Tape: 2; Side: B; Approx. Time Counter: 28.8 - 30}

{Tape: 3; Side: A; Approx. Time Counter: 0 - 1.2}

Vote: Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 1.3 - 1.4 }

REP. LEWIS wanted to know what the agency is planning on doing with the \$19,737 and \$20,903 that is left over as being unspecified.

Arlynn Fishbaugh, Director of the Montana Arts Council, explained that the Arts Council Chairman asked that the cuts come from the upcoming grants that are in the other grant programs. She said that he was adamant that the staffing not be cut.

REP. BUZZAS wanted more detail about the grant cuts.

Ms. Fishbaugh said that the other grant programs are the organizational services and opportunity grants. In one of the fiscal years, there would be master folk art grants and individual fellowships. The reduction would be taking from those grant programs.

{Tape: 3; Side: A; Approx. Time Counter: 1.5 - 3.8}

Motion: **REP. FRANKLIN** moved to **RESTORE THE UNSPECIFIED REDUCTION OF \$19,737 TO ARTS COUNCIL OPPORTUNITY GRANTS AND ORGANIZATIONAL SERVICES GRANTS**. Motion was withdrawn.

{Tape: 3; Side: A; Approx. Time Counter: 3.9 - 9.6}

Motion/Vote: **REP. LEWIS** moved to **LEAVE THE \$19,737 IN 2004 AND \$20,903 IN 2005 AS AN UNSPECIFIED REDUCTION TO BE HANDLED BY THE ARTS COUNCIL**. Motion carried 5-2 with **REPS. BUZZAS** and **FRANKLIN** voting no by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 9.7 - 13.2}

Motion: **SEN. JOHNSON** moved to **PRODUCE A COMMITTEE BILL**.

Discussion:

REP. LEWIS explained how the committee bill would attempt to fund the Arts Council through the bed tax fund.

Ms. Zanto produced a document that explains how the Arts Council can benefit from the bed tax funding. It consists of a spreadsheet and a narrative that explains the fund status as well as options available.

EXHIBIT(jeh05a04)

REP. LEWIS said that if we were to take 2.64% of the bed tax, it would give the Arts Council \$326,000 a year; with the statewide present law adjustment it would be \$357,000 a year funding. The

additional funding would replace the interest lost when the money was taken out of the Cultural Trust to pay for Virginia City.

SEN. JOHNSON said that this would make the council whole again. The bed tax has had good growth.

Carleen Layne, Accountant for the Montana Arts Council, said that three-quarters of the available money for the Council is for grants. It was determined that the interest on the Cultural Trust pays for administering grants and a portion goes to the folklife program.

Motion/Vote: REP. LEWIS moved to TAKE 2.65% OF THE BED TAX FROM THE DEPARTMENT OF COMMERCE AND ALLOCATE IT TO THE ARTS COUNCIL WITH 78% OF THAT AMOUNT EARMARKED FOR CULTURAL AND AESTHETIC GRANTS (HB 9) AND 22% OF THAT AMOUNT EARMARKED FOR THE ARTS COUNCIL'S ADMINISTRATION COSTS. Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 13.3 - 30.0}

{Tape: 3; Side: B; Approx. Time Counter: 0 - 2.4}

EXECUTIVE ACTION ON THE LIBRARY COMMISSION

Ms. Zanto, handed out the bridge document on the Library Commission that ties the executive budget to the new legislative base.

EXHIBIT (jeh05a05)

Karen Strege, Director of the Montana State Library, handed out a letter that prioritizes how the Library Commission would address the reductions.

EXHIBIT (jeh05a06)

Ms. Strege handed out a letter that explains how to access Infotrac on the internet.

EXHIBIT (jeh05a07)

Ms. Zanto distributed a document that explains the TSEP funding for the Library Commission.

EXHIBIT (jeh05a08)

The procedures that will be used for the executive action on the Library Commission were discussed.

{Tape: 3; Side: B; Approx. Time Counter: 3 - 5.7}

Motion/Vote: REP. LEWIS moved to ADOPT THE FISCAL 2002 BASE FOR ALL FUNDING EXCEPT FOR GENERAL FUND AND STATEWIDE PRESENT LAW ADJUSTMENTS AS REQUESTED FOR ALL FUNDS. Motion carried 5-2 with REPS. BUZZAS and FRANKLIN voting no by voice vote.

{Tape: 3; Side: B; Approx. Time Counter: 5.8 - 6.5}

Ms. Zanto explained "Language Recommendations", page E-62 of the Legislative Budget Analysis 2005 Biennium.

EXHIBIT (jeh05a09)

{Tape: 3; Side: B; Approx. Time Counter: 7.1 - 8.9}

Motion/Vote: REP. FRANKLIN moved that THE LANGUAGE BE CONSISTENT WITH THE EXECUTIVE PROPOSAL, ITEM 1 AND ITEM 2b BE SO MOVED. Motion carried 7-0 by voice vote.

{Tape: 3; Side: B; Approx. Time Counter: 9.0 - 10.0}

Motion/Vote: SEN. JOHNSON moved that THE NONGENERAL FUNDS OF DP 4 BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 3; Side: B; Approx. Time Counter: 10.10 - 12.2}

Discussion:

SEN. MCCARTHY asked if a motion could be stated to include all the Nongeneral Funds in all of the Decision Packages (DPs). It was agreed that it would work.

Substitute Motion/Vote: SEN. MCCARTHY moved that ALL OF THE NON-GENERAL ITEMS IN ALL THE DECISION PACKAGES BE ADOPTED (this would include the following: DP1, DP4, DP5, DP 7008, and DP 7009). Motion carries 7-0 by voice vote.

{Tape: 3; Side: B; Approx. Time Counter: 12.3 - 13.2}

The committee discussed whether to take action on the Options (the Governor's recommendation) that are in Exhibit 5. Since there is a slight difference in the ending values between taking no action (the total unspecified reductions from the adjusted base) and taking action (total unspecified reductions remaining if all DPs were adopted), they discussed whether they should leave it up to the agency to decide where the cuts should be. Producing another committee bill could make this agency whole again.

CHAIRMAN HEDGES said, "If we stop action right now, we would have adopted a budget for the Library leaving \$330,000 in unspecified reductions that they would have to take to meet HB2."

{Tape: 3; Side: B; Approx. Time Counter: 13.2 - 23.9}

Motion: REP. FRANKLIN moved to RESTORE DP 1, THE PERIODICAL DATABASE, THROUGH THE GENERAL FUND PORTION (\$180,674 for the biennium).

Discussion:

REP. BUZZAS stated that she is in favor of restoring the periodical database. It needs to be kept safe right now.

SEN. McCARTHY said that we are saving money for our school districts through the electronic periodical.

REP. LEWIS explained that this motion would add \$90,000 a year to the base that was established Monday (January 6, 2003). \$90,000 will have to be taken from some place else; NRIS still needs to be passed.

REP. FRANKLIN also stated that Infotrac serves the medical profession.

Vote: Motion failed 3-4 with REPS. BUZZAS, FRANKLIN, and SEN. McCARTHY voting aye by roll call vote.

{Tape: 3; Side: B; Approx. Time Counter: 24.0 - 28.0}

{Tape: 4; Side: A; Approx. Time Counter: 0 - 7.5}

Motion: REP. FRANKLIN moved that DP 7007 AND DP 5, THE GENERAL FUND AMOUNT AND FTE, DO PASS. (The purpose is to offset the unallocated amount of the reduction to get to the new lower base.)

{Tape: 4; Side: A; Approx. Time Counter: 7.5 - 10.9}

Discussion:

If passed, this would authorize reorganization of all programs to move into program one to become the digital library.

Vote: Motion carried 6-1 with SEN. JOHNSON voting no by voice vote.

The committee discussed if the members should take any further action on the Library Commission.

REP. LEWIS stated that if this committee stops action right now, the Library would have \$220,000 the first year and \$217,000 the second year of unspecified cuts.

Mark Bruno, OBBP, added that he would like to see the cuts be specified.

REP. LEWIS asked the agency, "What is their preference?"

Ms. Strege said, "I would prefer to have unspecified cuts so the commission could look at the budget again."

SEN. JOHNSON said that the lump sum funding allows the agency to determine what they cut.

{Tape: 4; Side: A; Approx. Time Counter: 11.0 - 16.0}

MOTION: SEN. JOHNSON moved to HAVE THE UNSPECIFIED REDUCTION OF APPROXIMATELY \$330,000 IN THE LIBRARY BUDGET BE APPROVED. [the actual amount is \$384,723]. Motion carried 4-3 with REPS. BUZZAS, FRANKLIN, and SEN. MCCARTHY voting no by voice vote.

{Tape: 4; Side: A; Approx. Time Counter: 16 - 18}

Motion: REP. LEWIS moved that THE COMMITTEE DEVELOP A COMMITTEE BILL THAT SAYS THAT NRIS IS DEFINED AS INFRASTRUCTURE FOR THE PURPOSE OF TSEP. (The statute would have to be amended to allow NRIS as an eligible use of TSEP funding. NRIS stands for Natural Resources Information Services Program and TSEP stands for Treasure State Endowment Program).

Discussion:

REP. BUZZAS asked if there could be a friendly amendment to include the database.

SEN. JOHNSON believed it would be best not to include the amendment.

REP. BUZZAS said that the database is heading for infrastructure. It is supplementing the geographic or other research information that NRIS is using. "I am looking for ways to look at the information age and bring it into our state."

SEN. MCCARTHY believes that NRIS should be coordinated more than it is today.

Vote: Motion carried 7-0 by voice vote.

{Tape: 4; Side: A; Approx. Time Counter: 18.5 - 29.3}

ADJOURNMENT

Adjournment: 12:12 P.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh05aad)